

Message Text

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ORIGIN EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 NEA-14 ISO-00 PRS-01

IO-14 CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00 USIE-00

INRE-00 INR-11 PA-04 RSC-01 SP-03 FEA-02 AEC-11

AID-20 CEA-02 CIEP-03 COME-00 FPC-01 H-03 INT-08 L-03

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FM SECSTATE WASHDC

TO AMEMBASSY BONN IMMEDIATE

AMEMBASSY BRUSSELS IMMEDIATE

AMEMBASSY COPENHAGEN IMMEDIATE

AMEMBASSY DUBLIN IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY LUXEMBOURG IMMEDIATE

AMEMBASSY ROME IMMEDIATE

AMEMBASSY THE HAGUE IMMEDIATE

AMEMBASSY OSLO IMMEDIATE

AMEMBASSY OTTAWA IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

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AMEMBASSY PARIS IMMEDIATE

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USINT ALGIERS IMMEDIATE
AMEMBASSY TRIPOLI IMMEDIATE
USINT BAGHDAD IMMEDIATE
AMEMBASSY KUWAIT IMMEDIATE
AMEMBASSY JIDDA IMMEDIATE
AMEMBASSY ABU DHABI IMMEDIATE
AMEMBASSY TEHRAN IMMEDIATE
AMEMBASSY LAGOS IMMEDIATE
AMEMBASSY JAKARTA IMMEDIATE
AMEMBASSY CARACAS IMMEDIATE
AMEMBASSY LIBREVILLE IMMEDIATE
AMEMBASSY QUITO IMMEDIATE

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KUWAIT ALSO PASS DOHA

E.O. 11652:
TAGS: ENRG
SUBJECT: PRESS GUIDANCE

1. AUGUST 16 WASHINGTON POST AND STAR-NEWS BOTH CARRIED ARTICLES CLAIMING THAT DEPARTMENT, UNDER PRESSURE FROM MAJOR OIL COMPANIES, IMPROPERLY BLOCKED FEDERAL ENERGY ADMINISTRATION (FEA) SPONSORED STUDY OF THE ROLE OF U.S. OIL COMPANIES IN FOREIGN COUNTRIES. NEWS REPORTS SPECIFY THAT WHEN ROBERT KRUEGER, LOS ANGELES LAWYER RETAINED BY FEA TO UNDERTAKE SURVEY, ATTEMPTED TO BEGIN HIS STUDY IN CARACAS, HIS VISIT WAS ABRUPTLY AND PREMATURELY TERMINATED AFTER PROTESTS BY US OIL EXECUTIVES TO AMBASSADOR MCCLINTOCK. REPORTS ALSO STATE THAT SENATOR CHURCH WILL FORMALLY REQUEST EXPLANATION OF DEPARTMENT'S ACTIONS WITH REGARD TO KRUEGER STUDY.

2. FOLLOWING IS STATEMENT GIVEN BY DEPARTMENT SPOKESMAN AT AUGUST 16 PRESS BRIEFING.

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...THE STUDY REFERRED TO IN THE WASHINGTON POST ARTICLE OF THIS MORNING IS NOT IN THE FIRST INSTANCE A STUDY OF THE MULTINATIONAL OIL COMPANIES PER SE, BUT OF THE OPTIONS OF THE UNITED STATES GOVERNMENT IN ITS RELATIONSHIP TO THE UNITED STATES PETROLEUM INDUSTRY IN INTERNATIONAL AFFAIRS. IT IS A \$300,000 RESEARCH PROJECT

WHICH THE FEDERAL ENERGY ADMINISTRATION HAS CONTRACTED FOR WITH A LOS ANGELES LAWYER.

...THE DEPARTMENT OF STATE HAS NOT DISCUSSED THIS STUDY WITH OIL COMPANY OFFICIALS NOR HAS IT ATTEMPTED TO BLOCK THIS STUDY. WE AND THE FEDERAL ENERGY ADMINISTRATION AGREE THAT THE STUDY SHOULD GO FORWARD. WE ALSO AGREE THAT THE BULK OF THE WORK SHOULD BE DONE IN THE U.S. IN THIS CONNECTION, THE DEPARTMENT OF STATE HAS STATED ITS WILLINGNESS TO MAKE AVAILABLE TO THE CONTRACTOR INFORMATION IN ITS FILES PERTAINING TO THE QUESTIONS AND ISSUES BEING ADDRESSED IN THE STUDY.

3. AFTER STATEMENT FOLLOWING Q AND A EXCHANGED ABOUT KRUEGER STUDY:

Q: IN YOUR STATEMENT YOU SAID THE STATE DEPARTMENT HAS NOT DISCUSSED THIS WITH OIL COMPANY OFFICIALS. WHO IS THE STATE DEPARTMENT IN THIS CASE?

A: I DO NOT HAVE THE DETAILS ON THAT. I ASSUME THIS MEANS NO ONE IN THE STATE DEPARTMENT.

Q: IS AN AMBASSADOR CONSIDERED TO BE IN THE STATE DEPARTMENT?

A: YES HE IS.

Q: CAN I HAVE CLARIFICATION, PLEASE. YOU ALSO AGREE THAT THE BULK OF THE WORK SHOULD BE DONE IN THE UNITED STATES. CAN YOU EXPLAIN WHY THE STATE DEPARTMENT IS OPPOSED TO EXAMINING THE WORK OF THE MULTINATIONAL OIL CORPORATIONS OUTSIDE THE UNITED STATES WHERE MOST OF THEIR WORK IS DONE?
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A: I WOULD LIKE TO TAKE THE QUESTION BUT I DO NOT BELIEVE THERE IS ANY BLANKET OPPOSITION TO HAVING THE STUDY PROCEED ABROAD. AS THE STATEMENT SAYS HERE, THE BULK OF THE WORK WE FEEL SHOULD BE DONE IN THE UNITED STATES. I CANNOT TELL YOU WHY THIS JUDGMENT HAS BEEN MADE. I HAVE NOT GONE INTO THE SUBJECT ENOUGH. THIS WAS GIVEN TO ME JUST BEFORE I CAME DOWN BUT I WILL BE GLAD TO LOOK INTO THAT SECOND ASPECT FOR YOU.

Q: THE STUDY WAS DESIGNED TO LOOK AT THE EXPERIENCE OF THE OTHER COUNTRIES IN DEALING WITH OIL COMPANIES AND WITH THE PROBLEM OF ENERGY SUPPLY AT THIS PARTICULAR TIME. IT WAS DESIGNED TO INTERVIEW FOREIGN GOVERNMENT

OFFICIALS AND FOREIGN OIL FIRMS. CAN YOU DISCUSS WHY THE STATE DEPARTMENT WOULD PUT LIMITATIONS ON A PERSON SEEKING

TO INTERVIEW THESE PEOPLE REQUIRING THAT THEY HAVE PRIOR APPROVAL BEFORE APPROACHING ANYONE?

A: LET ME MAKE JUST ONE GENERAL COMMENT FROM MY OWN EXPERIENCE. IF OFFICIALS FROM THE U.S. GOVERNMENT GO OUT TO A FOREIGN COUNTRY IT IS JUST A NORMAL PRACTICE IF THEY WANT TO TALK WITH MEMBERS OF A FOREIGN GOVERNMENT THEY COME AND CHECK IN AT THE EMBASSY, AND I KNOW I WANTED TO MAKE SURE IN THIS LITTLE COUNTRY WHERE I WAS STATIONED THAT IF I HAD AMERICAN OFFICIALS COMING IN I WANTED TO KNOW WHOM THEY WANTED TO SEE -- MOST OF THE TIME THEY WANTED TO KNOW WHOM THEY SHOULD SEE. I THINK IT IS JUST A QUESTION OF HAVING GOOD COORDINATION IN OUR OPERATIONS IN AN EMBASSY ABROAD; THE CHIEF OF MISSION IS THE ONE WHO DECIDES THAT.

Q: I WANT BELABOR THIS; THE AGREEMENT WAS WITH THE FEA FOR THAT PRECISE THING TO BE DONE, BUT NEW CONDITIONS HAVE BEEN PUT ON APPROVAL OF THIS AND I AM TRYING TO LOOK FOR AN EXPLANATION BECAUSE IT SEEMS VERY UNUSUAL THAT A PERSON SHOULD BE PROHIBITED FROM SEEING EVEN A FOREIGN OIL OFFICIAL EVEN IN THE UNITED STATES WITHOUT PRIOR APPROVAL FROM THE STATE DEPARTMENT.

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A: LET ME LOOK INTO THIS.

Q: I SEEM TO RECALL READING IN THE POST THAT RAWLEIGH WARNER, HEAD OF MOBIL OIL, HAD DISCUSSED THIS WITH OUR AMBASSADOR IN VENEZUELA. HE IS A MEMBER OF THE STATE DEPARTMENT IS HE NOT?

A: I SHOULD CORRECT MYSELF TO SAY THAT IF A PERSON IS STATIONED ABROAD HE IS TECHNICALLY NOT CONSIDERED AN OFFICIAL WITHIN THE DEPARTMENT. THIS IS REFERRING TO AMBASSADOR MCCLINTOCK IN VENEZUELA.

Q: THERE IS ANOTHER NEWSPAPER ACCOUNT OF THE SAME INCIDENT THAT WARNER AND MR. JAMIESON OF EXXON HAD A MEETING JULY 16 IN THIS BUILDING WITH THE SECRETARY OF STATE. WHAT YOU ARE SAYING IS THAT THEY DIDN'T DISCUSS THE SUBJECT AT THAT MEETING?

A A: THAT IS RIGHT.

4. IN ADDITION TO STATEMENT GIVEN ON AUGUST 16, DEPARTMENT HAS PREPARED FOLLOWING ADDITIONAL GUIDANCE WHICH POSTS

MAY WISH TO USE IN ADDRESSING THIS SUBJECT:

WE AND THE FEDERAL ENERGY ADMINISTRATION ALSO AGREE THAT BECAUSE OF THE VERY SENSITIVE NATURE OF SOME OF THE QUESTIONS INVOLVED (E.G. PRODUCING AND CONSUMING COUNTRIES' OIL PRICING POLICIES, ETC.) ALL CONTACTS WITH FOREIGN GOVERNMENT OFFICIALS AND FOREIGN OIL COMPANIES SHOULD BE CAREFULLY COORDINATED.

THERE ARE PROCEDURES ESTABLISHED UNDER PRESIDENTIAL DIRECTIVES FOR REVIEWING ALL RESEARCH CONTRACTS THAT MIGHT IMPINGE ON CONDUCT OF FOREIGN RELATIONS; STATE HAS HAD THIS RESPONSIBILITY SINCE THE DAYS OF THE "CAMELOT" PROJECT.

THE FIRST PHASE OF THE FEA STUDY WAS NOT SUBMITTED TO THIS FORMAL REVIEW MECHANISM AND IT HAS GONE FORWARD. STATE HAS ACTED TO ESTABLISHED CONDITIONS FOR THE SECOND LIMITED OFFICIAL USE

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PHASE, CONDITIONS THAT WE WOULD APPLY TO ANY CONAC- WITH FOREIGN GOVERNMENTS BY INDEPENDENT CONTRACTORS WORKING FOR GOVERNMENT AGENCIES. THE AMBASSADOR AND THE EMBASSY MUST, OF COURSE, HAVE KNOWLEDGE AND CONTROL OVER THE ACTIVITIES OF OFFICIALS OPERATING UNDER GOVERNMENT CONTRACTS, PARTICULARLY WHEN CONTACT WITH HIGH LEVEL FOREIGN OFFICIALS IS INVOLVED. KISSINGER

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